

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

SB 216 - HB 401

March 4, 2009

SUMMARY OF BILL: Authorizes every child in Tennessee under the age of 24 whose parent retired with at least 25 years of full-time creditable service as a certified teacher in Tennessee, to receive a 25% discount on tuition to any state-operated institution of higher education.

ESTIMATED FISCAL IMPACT:

**Increase State Expenditures - \$95,000/FY09-10
\$104,500/FY10-11**

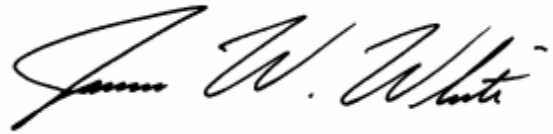
Assumptions:

- Lost revenues to higher education institutions would be replaced with state funds rather than higher tuition and fees.
- There are approximately 69,000 teachers in Tennessee. Of those, approximately 18.2 percent participate in the tuition discount program.
- Using data from the Tennessee Consolidated Retirement System (TCRS), the Tennessee Higher Education Commission (THEC) estimates approximately 3,157 are program eligible retired teachers.
- Of the 3,157 retired teachers, an estimated 25 percent will have one eligible dependent, a total of 789 dependents.
- Applying the current program participation rate of 18.2 percent, approximately 144 students will participate ($789 \times 18.2\% = 144$).
- The average tuition increase for FY09-10 is estimated to be at least 10 percent.
- The average tuition for FY09-10 is estimated to be \$2,640.
- The 25 percent tuition discount for each FTE student/dependent would be approximately \$660 in FY09-10 and \$726 in FY10-11.
- First year costs (FY09-10) are estimated to be \$95,040 ($144 \times \660 per FTE student).
- Second year costs (FY10-11) are estimated to be \$104,544 ($144 \times \726 per FTE student).
- Tuition is based on an estimated increase of 10 percent per year.

- The children of teachers receiving tuition discounts for previous years provide a fair representation of children expected to receive tuition discounts in the future, adjusted for an expected participation rate for children of retired teachers in proportion to current participants.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a larger, more prominent script than the last name "White".

James W. White, Executive Director

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